

## SINKING INTEREST AND REDEMPTION (18)

### *AGENCY PLAN: STATEMENT OF PURPOSE, GOALS AND BUDGET SUMMARY*

#### STATEMENT OF PURPOSE:

The Debt Service Fund meets the principal and interest of the bonded indebtedness of the City of Detroit.

#### AGENCY FINANCIAL SUMMARY:

2008-09 <u>Requested</u>		2007-08 <u>Budget</u>	2008-09 <u>Recommended</u>	Increase <u>(Decrease)</u>
	<u>Appropriations</u>			
	General Obligation Bonds:			
\$ 26,545,572	Interest	\$ 31,949,247	\$ 29,245,572	\$ (2,703,675)
42,515,000	Principal	38,230,000	42,515,000	4,285,000
3,500,000	DDA Tax Increment Dist.	3,737,225	3,880,550	143,325
600,000	GM Tax Increment Dist.	1,035,679	941,802	(93,877)
-	Other Captured Taxes		424,362	424,362
-	Prior Years Deficit	<u>2,100,000</u>	<u>-</u>	<u>(2,100,000)</u>
\$ 73,160,572	Total Appropriations	\$ 77,052,151	\$ 77,007,286	\$ (44,865)
	<u>Revenues</u>			
\$ 67,478,572	Current Year's Property Tax	\$ 72,948,414	\$ 69,216,856	\$ (3,731,558)
-	Uncollectible Property Tax	(1,425,000)	\$ (1,240,000)	185,000
	Prior Year's:			
100,000	Real Property Tax	450,000	125,000	(325,000)
50,000	Personal Property Tax	175,000	25,000	(150,000)
2,507,000	Industrial Facilities Tax	2,749,385	2,091,592	(657,793)
25,000	Neigh. Enterprise Zone Tax	206,249	1,492,247	1,285,998
-	Renaissance Zone Tax	2,244,927	2,045,415	(199,512)
-	Other Miscellaneous Taxes	(296,824)	394,608	691,432
<u>3,000,000</u>	Other Surplus	<u>-</u>	<u>2,856,568</u>	<u>2,856,568</u>
\$ 73,160,572	Total Revenues	\$ 77,052,151	\$ 77,007,286	\$ (44,865)
-	NET TAX COST:	\$ 0	<u>0</u>	\$ 0
	Tax Levy Requirement	\$ -	\$ -	\$ -
	Delinquency Rate	5.00%	6.00%	1.00%
	Tax Rate (per \$1,000 valuation)	\$8.0683	\$7.4779	\$ (0.5904)

## **SINKING INTEREST AND REDEMPTION (18)**

### **ACTIVITY DESCRIPTION: BONDS AND INTEREST REDEMPTION**

Bond and interest redemption provides for the scheduled retirement of principal and interest on long-term City debt. This debt derives from general obligation bond sales. (The debt service on Enterprise Funds appears in the Enterprise Agency Sections.)

State law limits the amount of general obligation debt a city may have outstanding at one time. Generally, the limit requires such debt to be within ten percent of the assessed value (which includes certain assessed value equivalents for purposes of the formula) of all real and personal property in the city. Significant exclusions to or extensions of the debt limit are permitted for special assessment bonds, motor vehicle highway bonds, hospital bonds, certain mortgage and housing bonds and various other bonds for projects deemed necessary for abating pollution. The City's outstanding debt is currently within the limits prescribed by State law. After the effective date (December 22, 1978) of an amendment to the State Constitution, the City may not issue general obligation bonds payable from taxes levied for debt service without a vote of the electorate.

The Debt Management Section of the Finance Department (Agency 23) is responsible for managing the general obligation debt, as well as, that of other bonding and financing authorities, which include the following:

- **The City of Detroit Building Authority**, established by the City for the purpose of financing and managing the construction of various publicly owned buildings, parking lots, recreational facilities and related sites to be leased to the City.
- **The City of Detroit Downtown Development Authority (DDA)**, established by the City to help halt property value deterioration and to promote economic growth in the downtown district.
- **The Greater Detroit Resource Recovery Authority (GDRRA)**, a separate governmental unit from the City, created by the cities of Detroit and Highland Park for the purpose of financing, constructing and operating of a waste-to-energy facility located in the City.
- **The Economic Development Corporation of the City of Detroit**, established for the purpose of assisting industrial and commercial enterprises in various endeavors which would benefit Detroit residents.
- **The City of Detroit Tax Increment Finance Authority**, established for the purpose of preparing development and tax increment financing plans in the City and associated with financing of the Central Industrial Park (GM) Project.
- **The Local Development Finance Authority**, established for the purpose of assisting in the financing of development projects in the City and associated with the City's Jefferson/Conner (Chrysler) Redevelopment Project.
- **The Detroit-Wayne Joint Building Authority**, established by a joint effort of the City and the County for the purpose of constructing and maintaining buildings that would serve both City and County residents.

**CITY OF DETROIT**  
**Debt Services**  
**Financial Detail by Appropriation and Organization**

<b>General Bond Redemption</b> <b>General Bond Redemption</b>	<b>2007-08</b> <b>Redbook</b>		<b>2008-09</b> <b>Dept Final</b> <b>Request</b>		<b>2008-09</b> <b>Mayor's</b> <b>Budget Rec</b>	
	<b>FTE</b>	<b>AMOUNT</b>	<b>FTE</b>	<b>AMOUNT</b>	<b>FTE</b>	<b>AMOUNT</b>
<i>APPROPRIATION ORGANIZATION</i>						
00212 - General Bond Redemption						
180010 - General Bond Redemption	0	\$72,279,247	0	\$69,060,572	0	\$71,760,572
180040 - Debt Service Interest Redemption	0	\$0	0	\$0	0	\$0
<b>APPROPRIATION TOTAL</b>	<b>0</b>	<b>\$72,279,247</b>	<b>0</b>	<b>\$69,060,572</b>	<b>0</b>	<b>\$71,760,572</b>
00490 - Other Distributions						
180020 - D.D.A Tax Increment District	0	\$3,737,225	0	\$3,500,000	0	\$3,880,550
180030 - GM Tax Increment District	0	\$1,035,679	0	\$600,000	0	\$941,802
180050 - Other Captured Taxes	0	\$0	0	\$0	0	\$424,362
<b>APPROPRIATION TOTAL</b>	<b>0</b>	<b>\$4,772,904</b>	<b>0</b>	<b>\$4,100,000</b>	<b>0</b>	<b>\$5,246,714</b>
<b>ACTIVITY TOTAL</b>	<b>0</b>	<b>\$77,052,151</b>	<b>0</b>	<b>\$73,160,572</b>	<b>0</b>	<b>\$77,007,286</b>

**CITY OF DETROIT**  
**Budget Development for FY 2008-2009**  
**Appropriations - Summary Objects**

	<b>2007-08 Redbook</b>	<b>2008-09 Dept Final Request</b>	<b>2008-09 Mayor's Budget Rec</b>
<b>AC9918 - Bond Interest and Redemption</b>			
<i>A18000 - Debt Service</i>			
OTHEXPSSL - Other Expenses	6,872,904	4,100,000	5,246,714
FIXEDCHGSL - Fixed Charges	70,179,247	69,060,572	71,760,572
<i>A18000 - Debt Service</i>	<i>77,052,151</i>	<i>73,160,572</i>	<i>77,007,286</i>
<b>AC9918 - Bond Interest and Redemption</b>	<b>77,052,151</b>	<b>73,160,572</b>	<b>77,007,286</b>
<b>Grand Total</b>	<b>77,052,151</b>	<b>73,160,572</b>	<b>77,007,286</b>

**CITY OF DETROIT**  
**Budget Development for FY 2008-2009**  
**Appropriation Summary - Revenues**

	2006-07 Actuals	2007-08 Redbook	2008-09 Dept Final Request	2008-09 Adopted Budget	Variance
<b>A18000 - Debt Service</b>					
<i>00212 - General Bond Redemption</i>					
401100 - Current Year Property Tax	74,478,841	72,948,414	67,478,572	69,216,856	(3,731,558)
401150 - Uncollectible Property Tax	0	(1,425,000)	0	(1,240,000)	185,000
402100 - Prior Years Real Property Tax	55,094	450,000	100,000	125,000	(325,000)
402200 - Prior Years Personal Property Tax	(25,542)	175,000	50,000	25,000	(150,000)
407195 - Industrial Facilities Tax	2,506,862	2,749,385	2,507,000	2,091,592	(657,793)
407200 - Other Miscellaneous Taxes	0	(296,824)	0	394,608	691,432
407205 - Commercial Facilities Tax	0	0	0	0	0
407210 - Neigh Enterprise Zone Tax	0	206,249	25,000	1,492,247	1,285,998
407215 - Renaissance Zone Tax	0	2,244,927	0	2,045,415	(199,512)
461100 - Earnings On Investments	712,754	0	0	0	0
474100 - Miscellaneous Receipts	88	0	0	0	0
475130 - Other Surplus	0	0	3,000,000	2,856,568	2,856,568
<i>00212 - General Bond Redemption</i>	<i>77,728,097</i>	<i>77,052,151</i>	<i>73,160,572</i>	<i>77,007,286</i>	<i>(44,865)</i>
<i>10830 - Convention Facility - Debt Service</i>					
422190 - State Hotel & Liq Tax- C	17,579,292	0	0	0	0
461100 - Earnings On Investments	1,434,474	0	0	0	0
<i>10830 - Convention Facility - Debt Se</i>	<i>19,013,766</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>A18000 - Debt Service</b>	<b>96,741,863</b>	<b>77,052,151</b>	<b>73,160,572</b>	<b>77,007,286</b>	<b>(44,865)</b>
<b>Grand Total</b>	<b>96,741,863</b>	<b>77,052,151</b>	<b>73,160,572</b>	<b>77,007,286</b>	<b>(44,865)</b>